

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

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C O R R E C T E D C O P Y (TO TEXTS FOR EO, TAGS, SUBJ,  
CAPTION, REF, AND NBRD PARA ONE)

E.O. 11652: N/A

TAGS: EINV, ENRG, OECD

SUBJECT: IEA AD HOC GROUP ON FINANCIAL AND INVESTMENT  
ISSUES (FII), MARCH 6 MEETING

PASS TREAS FOR WIDMAN AND WITHERELL, AND EB/IFD/OMA  
FOR RYAN

REFS: (A) OECD PARIS 3454

(B) OECD PARIS 5108

(C) STATE 38842

(D) IEA/GB (75) 7

(E) IEA/SPC(75)7 (1ST REVISION)

1. IEA AD HOC GROUP ON FINANCIAL AND INVESTMENT ISSUES  
(FII), WITH ASSISTANT SECRETARY PARSKY AS CHAIRMAN, MET  
ON MARCH 6 TO CONSIDER FURTHER THE ORGANIZATION OF ITS  
WORK PROGRAM, ESPECIALLY WITH RESPECT TO THE THREE SUB-  
JECTS MENTIONED IN PARA 3 OF THE CHAIRMANS REPORT IN  
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REFTEL A. THE FII ALSO AGREED ON ITS ROLE IN THE DELE-

GATION OF RESPONSIBILITY FOR VARIOUS TOPICS FOR WHICH  
(A) PRELIMINARY POSITION PAPERS WILL BE DRAFTED PRIOR  
TO THE PREPARATORY MEETING BETWEEN PRODUCERS AND CON-  
SUMERS, AND (B) FURTHER ANALYTICAL WORK WILL BE NEEDED  
FOR FINAL POSITIONS FOR A CONSUMER/PRODUCER DIALOGUE.

2. THE FII REAFFIRMED THAT IT HAS RESPONSIBILITY FOR  
ALL FINANCIAL AND INVESTMENT ISSUES IN THE IEA RELATED  
TO THE DIALOGUE BOTH AS TO PRELIMINARY "COMMENT OR  
POSITION" PAPERS FOR THE PREPARATORY MEETING, AND TO  
MORE SUBSTANTIVE POSITION PAPERS FOR THE MAIN CONFERENCE.  
AS EXPRESSED IN ITS MANDATE (REFDOC A), THE FII  
EMPHASIZED THAT IT WILL REPORT DIRECTLY TO THE GOVERNING  
BOARD (GB).

3. AT THE MEETING OF FII, A DOCUMENT FROM SPC WITH A  
LIST OF POSSIBLE SUBJECTS TO BE CONSIDERED FOR "COMMENT  
OR POSITION" PAPERS WAS CIRCULATED. AFTER THE GROUP  
DISCUSSED THESE TOPICS AND CONFERRED WITH THE CHAIRMAN  
OF THE SPC, AN ALLOCATION OF RESPONSIBILITIES FOR PRE-  
PARATION OF THESE "COMMENT OR POSITION" PAPERS WAS  
AGREED UPON. THIS ALLOCATION IS REFLECTED IN REFDOC  
(E), THE RELEVANT PARAGRAPHS OF WHICH (VIS-A-VIS FII)  
ARE DISCUSSED BELOW. (THE NUMBERING OF THE TOPICS  
CORRESPONDS TO THAT USED IN REFDOC (E).)

4. THE OECD SECRETARIAT, ECONOMICS AND STATISTICS  
DEPARTMENT (ESD) WAS ASSIGNED RESPONSIBILITY FOR PRE-  
PARATION OF PRELIMINARY POSITION PAPERS FOR: (I)  
ANALYSIS OF WORLD ECONOMIC SITUATION; (II)(A) RECYCLING,  
INCLUDING BOTH INTERNATIONAL GOVERNMENT INSTITUTIONS  
AND COMMERCIAL CHANNELS; BALANCE-OF-PAYMENTS ADJUST-  
MENTS; (II)(B) EFFECT ON CONSUMER COUNTRIES OF OIL PRO-  
DUCERS' CLAIMS ON CONSUMERS' FUTURE REAL RESOURCES;  
(II)(E) PRODUCERS' CLAIM FOR SAFE  
INVESTMENT OF THEIR FUNDS, E.G. THROUGH INDEXATION OF  
CAPITAL ASSETS; (II)(F) IS INFLATION THE RESPONSIBILITY  
OF THE INDUSTRIALIZED COUNTRIES? ITEM (II)(A) WILL BE  
PREPARED IN CONJUNCTION WITH A CONTRIBUTION BY DENMARK.

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5. ITEM (II)(C) INWARD INVESTMENT IN INDUSTRIALIZED  
COUNTRIES (RECONCILING THE PRODUCERS' NEED FOR PRODUCTIVE  
OUTLETS FOR THEIR REVENUES WITH THE CONSUMERS' WISH  
TO RETAIN CONTROL OF ESSENTIAL SECTORS OF THEIR  
ECONOMIES) WILL BE THE RESPONSIBILITY OF THE OECD  
INVESTMENT COMMITTEE, ESD, AND THE FINANCIAL AND FISCAL  
AFFAIRS DEPARTMENT. A CONTRIBUTION FROM DENMARK MAY  
ALSO BE EXPECTED. THE U.S. DEL TO THE FII INDICATED

THAT THIS ISSUE COULD BE DIVIDED INTO TWO BASIC AREAS:

(A) REGULATIONS AND GENERAL POLICIES (NOW BEING HANDLED IN THE INVESTMENT COMMITTEE), AND (B) SO-CALLED POSITIVE APPROACHES, SUCH AS POSSIBLE COOPERATIVE INVESTMENT FUND MECHANISMS.

6. ITEM II(D): OIL PRODUCERS' CLAIM TO GREATER VOICE IN THE INTERNATIONAL MONETARY SYSTEM WAS ASSIGNED TO THE U.S., WITH EUROPEAN COMMISSION ALSO WRITING A PAPER. (SECRETARIAT DECLINED ASSIGNMENT ARGUING MATTER TOO DELICATE; U.S. MADE PRE-EMPTIVE OFFER TO PREPARE PAPER.)

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7. ITEM III(A): ASSISTANCE OF THE INDUSTRIALISED COUNTRIES IN THE ECONOMIC, SOCIAL, INDUSTRIAL AND AGRICULTURAL DEVELOPMENT OF THE OIL PRODUCER COUNTRIES THROUGH: (I) PLANNING, STAFF RECRUITMENT, TRAINING, ORGANIZATIONAL ADVICE, ETC., (II) COMMERCIAL CHANNELS (COOPERATION IN SPECIFIC PROJECTS, MANAGERIAL AND TECHNICAL ASSISTANCE; (III) JOINT VENTURES, COMMERCIAL AND

GOVERNMENTAL, WAS ASSIGNED TO THE EUROPEAN COMMISSION, WITH CONTRIBUTIONS FROM UK AND FRG.

8. ITEM III(B): DEVELOPING COUNTRIES; MECHANISMS TO COMBINE THE CAPITAL OF THE OIL PRODUCERS AND THE TECHNOLOGY OF THE INDUSTRIALIZED COUNTRIES IN PROVIDING AID (TECHNICAL AND CAPITAL) TO: THE DEVELOPING, THE LEAST DEVELOPED AND THE MOST SEVERELY AFFECTED NATIONS THROUGH: (I) MULTILATERAL CHANNELS (UN, COUNTRY CONSORTIA, ETC.); (II) BILATERAL COOPERATION; (III) ANY NEW MECHANISMS REQUIRED (INVESTMENT GUARANTEES FOR MSAS); (IV) (DEFENSIVE) CAPITAL CONTRIBUTIONS FROM INDUSTRIALIZED COUNTRIES, WAS ASSIGNED TO GERMANY, WITH TURKEY AND THE UK LIMITED OFFICIAL USE

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PROVIDING CONTRIBUTIONS.

9. WITH RESPECT TO THE TOPICS IN PARAS 7 AND 8, AS WELL AS THE REGULATORY ASPECT OF ITEM II(C), OUTLINES (AS REPORTED IN REFTEL B) WERE DISTRIBUTED TO FII AT ITS MEETING.

10. AFTER AGREEMENT WITH THE SPC CHAIRMAN, ITEM (IV) TRADE BETWEEN PRODUCERS AND CONSUMERS: CREDIT TERMS, TRADE REGULATIONS, COMMERCIAL AGREEMENTS GIVEN TO FII AS A RESPONSIBILITY, WITH THE INITIAL PAPER TO BE PREPARED BY THE EUROPEAN COMMISSION. ALSO ITEM (V)(F) OIL PRODUCERS' PARTICIPATION IN DOWNSTREAM ACTIVITIES (CROSS-REFERENCED TO ITEM (II)(C) WAS ASSIGNED TO FII, WITH INITIAL PAPER TO BE PREPARED BY THE UK.

11. WITH RESPECT TO ITEM (V)(C)(IV) INDEXATION OF OIL PRICES (CROSS-REFERENCED TO ITEM II, ABOVE), THE FII FELT THAT IT SHOULD HAVE THE OPPORTUNITY TO REVIEW THE WORK, ON WHICH PRIMARY RESPONSIBILITY RESTS WITH SLT AND SOM.

12. IN VIEW OF NEXT GB MEETING SET FOR MARCH 20, THESE PRELIMINARY "COMMENT OR POSITION" PAPERS (WITH EXCEPTION OF II(A)) ARE TO BE IN THE HANDS OF SECRETARIAT NO LATER THAN MARCH 14. THE PAPERS FOR ITEMS II(D), II(E), II(F), V(C)(IV), V(F) ARE TO BE DEFENSIVE IN CHARACTER, I.E. TO BE USED ONLY IF ISSUE RAISED BY PRODUCERS. IT WAS EMPHASIZED THAT ALL OF THE PAPERS SHOULD PRESENT ONLY THOSE ISSUES GERMAINE TO THE DIALOGUE. THE PAPERS ARE TO BE BRIEF (1 - 3 PAGES IN LENGTH), AND SHOULD CONTAIN THREE PORTIONS: (A) AN OUTLINE OF THE ISSUES; (B) COMMENTS OR ATTEMPT TO DEFINE PRELIMINARY POSITIONS RELEVANT TO THOSE ISSUES WITH RESPECT TO THE DIALOGUE; (C) DISCUSSION OF WHAT ANALYTIC WORK (AND

WHERE HAS TO BE DONE SUBSEQUENT TO THE PREPCON.

13. THE GERMAN DEL LEFT FOR THE CONSIDERATION OF FII A  
PROPOSAL FOR AN INTERNATIONAL DIRECT INVESTMENT TRUST.  
A COPY OF THIS PROPOSAL IS BEING HAND-CARRIED BY WIDMAN  
MARCH 8 FOR INTERESTED PARTIES.  
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14. ACTION REQUESTED: MISSION WILL NEED U.S. PAPER ON  
TOPIC II(D) BY DEADLINE OF MARCH 14. (FYI DISCUSSION  
AGREED DEFINE THIS ISSUE BROADLY AS INCLUDING ALL RELE-  
VANT INTERNATIONAL MONETARY FORUMS, I.E., NOT TO BE  
CONFINED TO QUESTION OF IMF QUOTAS FOR OIL PRODUCERS.)  
TURNER

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## Message Attributes

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